

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



**FILED**  
6-19-14  
04:59 PM

Application of SAN DIEGO GAS & ELECTRIC  
COMPANY (U902M) for Approval of its Energy  
Storage Procurement Framework and Program As  
Required by Decision 13-10-040.

A.14-02-006  
(Filed February 28, 2014)

And Related Matters

Application 14-02-007  
Application 14-02-009

**REPLY COMMENTS OF THE  
OFFICE OF RATEPAYER ADVOCATES  
TO PARTIES' COMMENTS ON  
ADMINISTRATIVE LAW JUDGE'S SCOPING MEMO**

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**I. INTRODUCTION**

Pursuant to the *Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge* ("Scoping Memo") issued on May 27, 2014, the Office of Ratepayer Advocates ("ORA") responds to several parties' comments filed on June 2, 2014.

**II. DISCUSSION**

**A. Cost Allocation**

ORA's recommendation that the Commission clarify cost recovery and allocation rules in this proceeding is echoed by numerous parties including, The Utility Reform Network ("TURN"),<sup>1</sup> Marin Clean Energy ("MCE"),<sup>2</sup> San Diego Gas & Electric

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<sup>1</sup> TURN Response, p. 4.

<sup>2</sup> MCE Response, p. 4.

Company (“SDG&E”),<sup>3</sup> Brookfield Renewable Energy Partnership LP (“Brookfield”),<sup>4</sup> and the Direct Access Customer Coalition and Alliance for Retail Energy Markets (“DACC/AReM”). TURN’s and SDG&E’s responses address the same issues raised by ORA that clarification is needed to “ensure that the approval process of energy storage is not bogged down by the potential re-litigation of cost recovery for like projects.”<sup>5</sup> Addressing cost recovery and cost allocation in this proceeding is a better use of Commission and stakeholder resources and time. Further, addressing these issues in a single proceeding promotes consistency and transparency.

In its opening comments, ORA recommended that the cost of storage be assigned to customer classes using a generation allocator but recovered through distribution rates. TURN has a slightly different proposal that distribution grid-connected and behind-the-meter storage resources be included in the distribution rate but assigned to all customers using an equal percentage of revenue allocator.<sup>6</sup> TURN’s rationale for this proposal is that such storage devices might defer both generation and distribution resource additions. ORA supports TURN’s proposal as long as it can be shown that storage resources do have an impact on distribution system planning, which is not clear at this point. ORA sees the primary purpose of storage as avoiding the addition of new flexible generation resources.

ORA’s recommendation to recover the cost of storage resources through distribution rates would result in direct access (“DA”) and community choice aggregation (“CCA”) customers paying for utility owned storage devices. DACC/AReM opposes this general approach, claiming that “in setting ESP-specific procurement targets, the

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<sup>3</sup> SDG&E Response, p. 2.

<sup>4</sup> Brookfield Response, p. 2.

<sup>5</sup> SDG&E Response, p. 2. *Also see*, TURN Response, p. 4 stating “Providing guidance here will avoid the need for parties and the Commission to devote time and resources to addressing the same cost recovery and cost allocation issues multiple times in multiple fora.” ORA Response, p. 3 stating “It is more efficient for the Commission and stakeholders to address cost recovery and allocation issues up front rather than having to continue to litigate the issues.”

<sup>6</sup> TURN Response, p. 5.

Commission elected not to allow the IOUs to procure energy storage on behalf of the ESPs and to establish ESP-specific procurement targets instead.”<sup>7</sup> While this is true, DACC/AReM neglected to state that the Commission required ESPs to procure less storage because “some portion of the IOUs’ energy storage procurement costs will be recovered from ESP and CCA customers.”<sup>8</sup> The decision clarifies that ESPs and CCAs will pay for utility-owned storage through distribution rates and through non-bypassable charges,<sup>9</sup> the latter presumably including the Power Charge Indifference Adjustment (“PCIA”) and Cost Allocation Mechanism (“CAM”).

ORA recommends that the Commission address the cost recovery and cost allocation issues in this proceeding, perhaps initially in workshops. Based on the parties’ varying positions, it may be prudent to allow for further briefing on these issues in order to produce a more informed decision. However, if these issues cannot be fully addressed in this proceeding, ORA recommends that cost recovery and cost allocation of energy storage be addressed in Phase 2 of the IOUs’ respective general rate cases (“GRC”).

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<sup>7</sup> DACC/AReM Response, p. 4 [cite omitted].

<sup>8</sup> D.13-10-040, p. 46.

<sup>9</sup> D.13-10-040, p. 46 stating: “We acknowledge that the target we set for ESPs and CCAs is slightly lower than the percentage target we have adopted for the IOUs. However, we believe that a lower percentage target is warranted since all customers, including those of ESPs and CCAs, will be required to pay certain non-bypassable charges that may be used by the IOUs to develop energy storage systems. Further, customers of ESPs and CCAs will also pay for any energy storage systems procured for the IOU’s distribution system as part of their distribution charges. Since some portion of the IOUs’ energy storage procurement costs will be recovered from ESP and CCA customers, we find that a 1% target for ESPs and CCAs to be reasonable.”

### III. CONCLUSION

ORA appreciates the opportunity to respond to parties' comments. For the reasons stated above, ORA urges the Commission to adopt the recommendations made herein.

Respectfully submitted,

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